

Message Text

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PAGE 01 SEOUL 09881 141112Z
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E.O. 11652: N/A
TAGS: BEXP, KS
SUBJ: MARKET RESEARCH INVITATION FOR BIDS ON PRODUCTION
 MACHINERY, TEST INSTRUMENTATION AND SPECIAL MATERIALS
 FOR ELECTRONIC COMPONENTS AND, ELECTRONIC COMPONENTS
 AND ASSEMBLIES

REF: A-4989

SUMMARY: SEVEN KOREAN FIRMS WERE INVITED TO BID ON SUBJECT
MARKET STUDIES ALL OF WHICH HAD REPRESENTATIVES AT AN ORIENTA-
TION MEETING HELD AT EMBASSY NOVEMBER 3, 1976. FOUR FIRMS
SUBMITTED PROPOSALS TO EMBASSY AND THREE DECLINED TO PARTICIPATE.
WE RECOMMEND THE KOREA INDUSTRIAL DEVELOPMENT RESEARCH INSTITUTE
ON THE BASIS OF PROVEN EXPERIENCE, RESOURCES AND GENERAL OVERALL
COMPETENCE, OR ALTERNATIVELY, THAT THE MARKET RESEARCH PROJECTS
BE UNDERTAKEN ON AN INHOUSE CONTRACT BASIS. END SUMMARY

1. A PRE BID ORIENTATION MEETING WAS HELD AT THE AMERICAN
EMBASSY SEOUL ON NOVEMBER 3, 1976. SEVEN FIRMS ATTENDED AND
INVITATIONS FOR BIDS WERE EXTENDED.

2. SUMMARY OF BIDS IS GIVEN BELOW BY COMPANY: (A) KOREA
MANAGEMENT DEVELOPMENT INSTITUTE (KMDI) BID U.S. \$7,920 OR
WON 4 MILLION FOR PRODUCTION MACHINERY STUDY AND U.S. \$7,920
OR WON 4 MILLION FOR THE ELECTRONIC COMPONENTS STUDY. IF
BOTH STUDIES ARE AWARDED TO KMDI, THEIR BID IS U.S. \$14,500
OR WON 7,250,000. KMDI IS A MANAGEMENT RESEARCH ORIENTED COMPANY
WITH THREE HIGHLY QUALIFIED RESEARCHERS. THE COMPANY HAS
RECENTLY COMPLETED THREE STUDIES; TWO MANAGEMENT STUDIES
AND ONE MARKET STUDY. (B) KOREA INDUSTRIAL DEVELOPMENT RESEARCH
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INSTITUTE (KIDRI) BID U.S. \$8,700 OR WON 4,219,500 FOR THE

PRODUCTION MACHINERY MARKET STUDY AND U.S. \$12,900 OR WON 6,256,000 FOR THE ELECTRONIC COMPONENTS MARKET STUDY. TOTAL BID FOR BOTH STUDIES IS U.S. \$21,600 OR WON 10,476,000. KIDRI HAS A STAFF OF NINE AND HAS COMPLETED SEVEN STUDIES INCLUDING TWO STUDIES ON ELECTRONICS.

(C) ASI MARKET RESEARCH INC. (KOREA) BID U.S. \$9,000 OR WON 4,356,000 FOR BOTH STUDIES IN KOREA AND U.S. \$10,000 OR YEN 2,970,000 FOR BOTH STUDIES IN JAPAN. ASI HAS THREE RESEARCHERS ONE OF WHOM HAS WORKED ON THREE PREVIOUS STUDIES INCLUDING ONE FOR USDOC.

(D) AHN, KWON & CO., BID U.S. \$46,960 FOR BOTH STUDIES IN KOREA. AHN, KWON & CO., CERTIFIED PUBLIC ACCOUNTANTS, IS A MEMBER OF SGV GROUPS, A CONSULTING FIRM. AHN & KWON HAS 11 RESEARCHERS AND HAS CONDUCTED STUDIES ON SILICONE PRODUCTS AND CASSETTE TAPES.

4. WE RECOMMEND THE KIDRI BECAUSE OF ITS PROVEN EXPERIENCE IN CONDUCTING MARKET STUDIES FOR DIESEL ENGINES, ELECTRONICS, PETROLEUM PRODUCTS, CONFECTIONERY, WOOLEN PRODUCTS, PIPES AND ELECTRONICS INDUSTRY PLANNING, ALL IN KOREA. FIRM CONDUCTED TWO OF THESE STUDIES FOR US FIRMS; BOSTON CONSULTING GROUP (USA) AND ARTHUR D. LITTLE CO. THE FIRM HAS NINE RESEARCHERS INCLUDING A DIRECTOR WHICH GIVES THE FIRM THE REQUIRED DEPTH TO CONDUCT SUBJECT SURVEYS. ALTHOUGH THE FIRM'S BID IS HIGHER THAN ASI AND KMDI, THIS FIRM APPEARS TO BE BEST QUALIFIED. ASI, ALTHOUGH THE LOWEST BIDDER, LACKS THE EXPERTISE AND DEPTH REQUIRED TO PREPARE THIS STUDY WHEN COMPARED TO OTHER BIDDERS. KMDI HAS BEEN PRIMARILY ENGAGED IN MANAGEMENT STUDIES AND ALSO LACKS THE EXPERTISE SHOWN BY KIDRI. COPIES OF PROPOSALS ARE SUBMITTED UNDER COVER OF AIRGRAM.

5. SHOULD COMMERCE DECLINE TO ACCEPT ANY OF THESE BIDS SUBMITTED BY KOREAN MARKET RESEARCH FIRMS, WE PROPOSE THAT POST BE ALLOCATED U.S. \$5,000 TO CONDUCT BOTH THESE STUDIES. COMMERCE SHOULD AUTHORIZE POST TO CONTRACT FOR FIELD WORK UNDER EMBASSY SUPERVISION. RESEARCH CONDUCTED IN THIS MANNER WOULD SUPPORT OUR CCP NON-CAMPAIGN ACTIVITY NUMBER 5 WHICH PROVIDES FOR THE COMBINING OF IN HOUSE RESEARCH CAPABILITY WITH TECHNICAL EXPERTISE AVAILABLE LOCALLY.

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6. ACTION REQUEST: PLEASE NOTIFY POST OF COMMERCE DECISION SOONEST.
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